

Message Text

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ORIGIN NEA-12

INFO OCT-01 EB-11 ADP-00 SCEM-02 COME-00 INT-08 EUR-25

PM-07 NSC-10 SS-15 RSC-01 CIAE-00 DODE-00 INR-10

NSAE-00 PA-03 USIA-15 PRS-01 AID-20 STR-08 /149 R

DRAFTED BY NEA/IRN:JHROUSE,JR.:ML

7/27/73 EXT 20574

APPROVED BY NEA/IRN - JACK C. MIKLOS

EB/ORF/FSE - MR. BROWN

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R 272153Z JUL 73

FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN

INFO AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: ENRG, IR

SUBJECT: IRAN'S DOWNSTREAM OIL INTEREST IN US

REF; STATE 147296

1. FOLLOWING SHAH'S REMARKS OF JULY 25 TO PRESS GROUP
NOTING THAT AGREEMENT FOR DOWNSTREAM PARTICIPATION IN US
HAD BEEN CONCLUDED BETWEEN GOI AND ASHLAND OIL CO. (REFTEL),
ASHLAND RELEASED STATEMENT ON JULY 26 TO CLARIFY SITUATION.
STATEMENT NOTES THAT ONLY MEMORANDUM OF UNDERSTANDING HAS
BEEN AGREED UPON WHICH IS STILL SUBJECT TO APPROVAL BY BOTH
ASHLAND AND NIOC BOARDS AND THAT FINAL CONTRACT REMAINS TO
BE NEGOTIATED. MOU PROVIDES THAT NIOC WILL OBTAIN 50 PER-
CENT INTEREST IN ASHLAND'S NEW YORK REFINERY AND RELATED

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MARKETING OPERATIONS (INCLUDING 60,000 BPD REFINERY AND
PETROCHEMICAL PLANT IN BUFFALO AND 180 SERVICE STATIONS)

AND WILL SIGN LONG TERM SUPPLY CONTRACTS CALLING FOR PURCHASE INITIALLY OF 60,000 BPD RISING TO 100,000 BPD IN 1975 WITH FURTHER EXTENSION AND EXPANSION OF JOINT ACTIVITIES TO BE STUDIED.

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2. FYI. SHAH'S REMARKS CAME AS COMPLETE SURPRISE AND LEFT ASHLAND EXECUTIVES WONDERING WHETHER SHAH HAD ANY SPECIAL MOTIVE IN MAKING STATEMENT, SUCH AS SIGN TO ASHLAND TO PICK UP PACE OF NEGOTIATIONS OR TO ACCEPT STILL DEBATED IRANIAN TERMS IF IT WANTED TO CONSUMMATE THE DEAL. IT IS ALSO POSSIBLE THAT SHAH'S PUBLIC COMMITMENT TO PROJECT WILL HASTEN ITS CONCLUSION. WHATEVER HIS MOTIVES, AND THEY MAY HAVE BEEN MIXED, IT SEEMS CLEAR THAT ENTERPRISE IS ONE TO WHICH SHAH ATTACHES CONSIDERABLE IMPORTANCE. END FYI. ROGERS

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